

MINUTES
REGULAR MEETING OF THE CITY COUNCIL

The City Council of the City of Mason City, Iowa, met in regular session pursuant to law and rules of said Council, in the Mason City Room of the Mason City Public Library, at 7:00 P.M., on August 4, 2015. The meeting was called to order by the Mayor and on roll being called there were present, Eric Bookmeyer, Mayor in the Chair, and the following Council Members: Kuhn, Solberg, Lee, Marinos, Hickey. Absent: None.

ADOPT AGENDA

It was moved by Marinos and seconded by Solberg that the agenda be adopted.

On roll call, the vote was as follows:

Yea: Marinos, Solberg, Hickey, Lee, Kuhn
(Motion was declared carried.)

SPECIAL ITEMS OF BUSINESS

1. The Mayor presented a Certificate of Recognition to Lucas Jacobson in recognition of winning the International Karting Federation Grand National Trophy.
2. Executive Director Schreck of NICEEDC provided a quarterly report.

Council comments followed the presentation.

PUBLIC FORUM

Joshua Masson, 120 South Virginia, referred to Item #7 stating he thought the Council had done a good job of trying to keep things up to date and modern, but believed they had lost an opportunity here. He stated he thought limited, specific and solicited public rebuttals would be a good thing in the interest of truth, thoroughness and fair play, adding he was not saying that it should be every time, but thought there were times when the Council might want some public rebuttals or public answers to things and it would be another tool they could use and should consider adding to the rules.

Sheryl Gerk, 1152 East State Street, stated she would like further explanation for Item #8 which usually happened when the City approved the budget and Labor Agreements. In addition, she referenced Items #10 and #11 stating they were not appropriate items for the Consent Agenda and were just another means to pull the wool over the taxpayer's eyes and explained why she felt that way.

CONSENT ITEMS

Prior to adopting the Consent Agenda Items #8 #10 and #11 were removed to be acted upon separately.

The following Consent Agenda Items were Approved/Adopted:

3. **Claims:** Dated July 30, 2015 in the amount of \$363,464.03

4. **Permits:**

The Police Department and Fire Department have reviewed the applications listed below. The following permits/renewals are submitted for approval.

Butchers Steakhouse 1451 N. Federal	Special Class C Liquor License
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Casey's #1621 610 S. Monroe	Class C Beer Permit, Class B Native Wine
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Casey's #2437 2701 19 th Street SW	Class C Beer Permit, Class B Native Wine
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Hy-Vee Gas #2 1503 4 th Street SE	Class C Beer Permit
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State Street Deli 107 East State Street	Class B Beer
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5. **Report Outstanding Obligations Disclosure Statement:**

Finance Director:

Council is asked to approve the City Outstanding Obligations Disclosure Statement. The Code of Iowa, Chapter 12.1 requires all political subdivisions of the State to report annually all outstanding obligations to the Treasurer of State. The Outstanding Obligations Disclosure Statement is due October 16, 2015 and is to include all obligations outstanding as of June 30, 2015. The City of Mason City obligations reported includes bonds, notes and leases as defined by Iowa Code chapter 74.1. The total outstanding obligations for the City as of June 30, 2015 are \$45,691,000 as compared to June 30, 2014 at \$46,079,000. The decrease is due mainly to the pay down of debt being greater than the debt issued for FY 2015. Of the total, \$18,586,000 is classified as revenue bonds and the remaining \$27,105,000 is applied towards the constitutional debt limit of the city. The constitutional debt limit for FY 2015 is \$83,237,735 and the amount of capacity used is approximately 32.60% for FY 2015 as compared to 36.2% for FY 2014. *Attached is a copy of the report filed with the Treasurer's Office.* Budget Impact: None. Council is asked to approve the Outstanding Obligations Disclosure Statement

6. **Approve Engineers Report & Set Public Hearing-Drainage District No. 17:**

City Engineer:

The recommendation is; that City Council approves the Engineer's Report, and sets a public hearing date of September 15, 2015 for the Drainage District No. 17 improvements project. The preliminary investigation of Drainage District No. 17 was completed by I+S Group (ISG) and a public information meeting held on June 11, 2015. During the meeting a presentation was given by Kent Rode. Mr. Rode, the appointed engineer with ISG pre-

sent to the meeting attendees their findings resulting from the preliminary investigation. The presentation included information for five options of rehabilitation, repair, and/or reconstruction improvements within the district. The general consensus of the group was the option that involves 1500' of open ditch repair and 1700' of tile main improvements. The Engineer's Report was prepared following the meeting. The report was prepared relative to the option most favored by those attending the meeting, along with additional information and recommendations related to the district's history or identified during the investigation. Council's action approving the report and setting a public hearing date is now needed to progress to the next step of the process. Upon approval, the Notice of Hearing will be published, and mailed to individual landowners at least twenty (20) days prior to the public hearing date. Following the Public Hearing on September 15th, the City Council will be asked to:

1. Approve the construction improvements recommended in the Engineer's Report.
2. Direct the engineer to prepare final plans and specifications for the approved improvements.
3. Approve the appraisals of additional district right of way.
4. Approve the initiation of annexation for benefited lands not on the current assessment schedule.
5. Approve the initiation for the reclassification of benefits for the district.

The project is not budgeted. The project will be funded with Storm Sewer Revenues or Drainage Warrants with the costs assessed to the beneficiaries of the drainage district. I respectfully request City Council's approval of the Engineer's Report, and secondly, that a public hearing date of September 15, 2015 be set for the Drainage District No. 17 improvements project.

7. Rescinding Reso. 14-08 & Adopting New Reso. to Prohibit Flash Photography:

Reso. 15-160:

Resolution No. 15-160, rescinding Resolution No. 14-8 in its entirety and adopting a new Resolution in lieu thereof amending the Rules of Procedure for Council Meetings for the City of Mason City, Iowa, was presented.

9. Feasibility Study for Final Application – IA Reinvestment District Program:

Director of Development Services:

Staff respectfully recommends approval of the Resolution authorizing execution of a contract with Smart Solutions Group, Inc. of Des Moines, Iowa, to provide feasibility studies for the five projects proposed in Mason City's Reinvestment District Program application, for a flat fee of \$14,000. In March, 2015, the City submitted a Pre-Application to the Iowa Economic Development Authority (IEDA) for the Iowa Reinvestment District Program. This program, authorized by the Legislature in 2014, provides \$100 million dollars in State aid for projects within "reinvestment districts." In 2015, Mason City met the scoring criteria by proposing five projects: a new Courtyard by Marriott Hotel to be located on the parking lot west of the City Hall; a new parking ramp to serve the hotel and downtown employees/patrons; an indoor/outdoor performing arts pavilion constructed at the north entrance to Southbridge Mall; and a Multi-Purpose Arena to be built inside of the Mall in the former J. C. Penney space. Mason City has been awarded \$7.1 million to complete these downtown reinvestment projects, pending final application approval. The

State aid will consist of the City receiving four of the six cents on the dollar that the State collects in sales and service taxes and all of the 5% hotel/motel excise tax generated by the projects in our reinvestment district. The Final Application requires financial projections and feasibility studies for each of the proposed projects, prepared by an independent economic consultant. The Pre-Application contained initial projections prepared by Staff based on stated assumptions and statements of feasibility that were confirmed by the initial projections. These projections need to be corroborated and/or updated by an in-depth study prepared by a recognized economic consultant. The IEDA Staff has advised us that an independent analysis will be required for the Final Application. Staff solicited quotes for this service from three recognized economic consultants; one of them did not respond. Based on the two quotes received, Staff recommends entering into a contract with Smart Solutions Group, Inc. of Des Moines, Iowa, for \$14,000. This was the lowest quote (the other quote, from Development Strategies of St. Louis, Missouri, was \$24,000). Smart Solutions Group has experience doing private and public sector feasibility studies. They did the feasibility studies for Waterloo's successful final application for last year's Iowa Reinvestment District Program, so they are familiar with the program and the IEDA requirements. It is Staff's intention to submit the Final Application by December 15, 2015, well ahead of the March 1, 2016 deadline. Smart Solutions Group is committed to complete the studies in a timely manner so that this early deadline can be attained. Getting an early approval from the IEDA Board will enable the developers of the projects to begin construction as soon as possible. This project is not specifically identified in the budget; however, Tax Increment Financing funds that were certified but not spent will be used to fund this project. Staff respectfully recommends approval of the Resolution authorizing execution of a contract with Smart Solutions Group of Des Moines, Iowa, to provide feasibility studies for the five projects proposed in Mason City's Reinvestment District Program application, for a flat fee of \$14,000.

Reso. 15-161:

Resolution No. 15-161, making award of contract to Smart Solutions Group of Des Moines, Iowa to complete an economic impact analysis and feasibility study for five projects proposed in the Mason City Iowa Reinvestment Program Application, was presented.

It was moved by Solberg and seconded by Kuhn that all items in the Consent Agenda be approved and resolutions adopted.

Yea: Solberg, Kuhn, Hickey, Lee, Marinos
(Motion was declared carried.)

8. Modify Teamsters Union Local 238 Contract:

Human Resources Director:

The City of Mason City has reached agreement to modify the timing of step increases within the Police Utility Person wage scale with Teamster Union Local 238, and it has been ratified by the Union. I recommend approval of this modification to the existing Teamster labor agreement. The Police Utility Person position has become vacant for the first time in many years, due to the recent retirement of Steve Colombo. The City and Teamsters Union met to discuss modifying the pay increase steps within the existing pay scale for this position to become consistent with other positions within the labor agreement. The current pay scale has five steps, and reaches the maximum wage rate in 4

years from date of assignment. All other positions within the Teamster labor agreement reach the maximum wage rate in 22 years from date of assignment. We have reached agreement with the Union to modify the pay scale to mirror the timing of step increases of the Parking Enforcement Officer, thereby reaching a maximum wage rate in 22 years from date of assignment. The starting rate of pay and ending rate of pay for the position will not change. The Teamster bargaining unit has voted and approved this tentative agreement on 7/31/15. Council approval of the Letter of Understanding will complete the process. Attached is a copy of the Letter of Understanding modifying the labor agreement and the current wage schedule within the Teamster labor agreement. None. Costs are included in the Operating Budget. I respectfully recommend City Council approval of the Letter of Understanding between the City of Mason City and Teamsters Union Local 238.

It was moved by Hickey and seconded by Lee that Resolution No. 15-162, be adopted.

Council Member Hickey asked why this wasn't brought up during negotiations with Human Resources Director Buffington stating at the time of negotiations the position was not vacant and staff thought it would be more appropriate to handle when the position became vacant.

Council Member Hickey questioned whether staff knew about the retirement three or four months ago with Buffington stating he believed notice of the retirement was submitted two months ago.

Council Member Hickey asked what brought this forward with Buffington stating it was inconsistent with this labor contract which topped out at 22 years of service while this position topped out at 4 years, adding the Fire Union topped out at 20 and City non-bargaining at 10.

The Mayor called the question and the following resolution was introduced.

Reso. 15-162(ADOPTED):

Resolution No. 15-162, approving modifications to the collective bargaining agreement between the City of Mason City and the Police Teamsters Union Local #238 , was presented.

On roll call, the vote was as follows:

Yea: Hickey, Lee, Marinos, Kuhn, Solberg
(Motion was declared carried.)

10. Terms Development Agreement – G8 Courtyard by Marriott & Adjacent Parking:

Director Development Services:

Staff respectfully requests approval of the Resolution setting the terms of a Development Agreement between the City of Mason City and G8 Development, Inc., for development of a Courtyard by Marriott Hotel and an adjacent Parking Facility. In June, 2013, the City entered into an Exclusive Negotiating Agreement (ENA) with G8 Development, Inc., for potential development of a hotel on the parking lot west of City Hall and development of a mixed-use building on the vacant lot on the southeast corner of North Federal Avenue and 2nd Street NE. In October of that year, options to purchase the properties were approved. During the period that the ENA was effective, the developer attempted to secure

a hotel franchise that was eventually unsuccessful. In June, 2014, the developer asked to amend the ENA and the options to extend the expiration dates for another year. Since that time, the developer secured a franchise from the Marriott Corporation to construct a Courtyard by Marriott Hotel. The City also successfully submitted a Pre-Application to the Iowa Economic Development Authority for the Iowa Reinvestment District Program. This program will allow for State sales and hotel/motel taxes from the hotel and mixed use building to help finance three public projects: a parking facility to serve the hotel and downtown, an indoor/outdoor performing arts pavilion, and a multi-use arena for hockey and other indoor events.

Terms: To formalize the development of the hotel property, the City proposes to enter into a Development Agreement with G8 Development, Inc. The proposed terms are as follows:

1. Upon final determination of boundaries and completion of vacating Enterprise Alley, the City shall initiate conveyance of the land to be occupied by the Hotel (the "Hotel Site") to G8 Development (the "Developer") for \$1.00 and due consideration. All fees related to closing, etc. shall be the responsibility of the Developer. The Developer acknowledges that the property is within an Urban Renewal Area and is subject to state requirements related to disposition of public property within an Urban Renewal Area.
2. The Developer shall develop a Hotel on the Hotel Site that shall include, among other amenities typically found at a business class hotel, a conference facility capable of accommodating at least 300 persons, with pre-function and breakout spaces, and at least 3,000 square feet of leasable retail space. All development shall be in accordance with City zoning and building requirements. The design of the Hotel shall be in character with Downtown Mason City. Development shall commence no later than July 31, 2016 and the Hotel shall be completed by December 31, 2017. This deadline may be extended for a reasonable period with the approval of both parties.
3. During the period of development and prior to full assessment of the Hotel Site, the City may, at its discretion, remove the Hotel Site and other properties from the existing Mason City Unified Urban Renewal Area and Tax Increment Finance Ordinance, and initiate and complete creation of a new Urban Renewal Plan, Urban Renewal District and Tax Increment Finance Ordinance that sets a new base tax year for determination of tax increments, in accordance with Iowa statute. The Developer agrees to support this action and will not object thereto.
4. Upon first full assessment of the Hotel Site, which shall occur on January 1st of the year following completion of all improvements, the property (land and improvements) shall have a minimum assessed value of \$6,450,000. The assessed value of the property shall not fall below this valuation for at least four (4) years after the initial full assessment.
5. The City shall, at no cost to the Developer, finance the design and construction of a Parking Facility with at least two-hundred and ten (210) parking spaces to be located on land reserved and owned by the City north of and adjacent to the Hotel site. The City shall collaborate with the Developer to ensure that the design of the Parking Facility conforms to the requirements of the hotel corporation providing a franchise to the Developer.
6. The City will own and operate the Parking Facility for twenty (20) years, commencing on the first day of operation. All parking revenues shall be collected and kept by the City. The Parking Facility shall be completed and operational no later than a date mutual-

ly acceptable to the parties and shall be timed, to the degree possible and barring unforeseen delays, with the opening date of the hotel.

7. The Hotel shall have free use of a minimum of one hundred (100) parking spaces (which shall include the required number of handicapped-accessible spaces) within the Parking Facility, which shall be so located to afford easy access to the Hotel from within the structure. A minimum of ten (10) parking spaces within the Parking Facility shall be reserved for use by City vehicles. All other spaces shall be made available to the public for rent on an hourly or monthly basis.

8. After the above referenced 20-year period has expired, ownership and operation of the Parking Facility shall be conveyed to the Developer, his successor or assigns. All revenues shall be collected and kept by the Developer. However, the City shall retain free use of a minimum of ten (10) spaces for use by City vehicles; this number may be renegotiated based upon City needs, subject to approval by the parties. The Developer agrees to reserve no more than one-hundred (100) parking spaces for use of the Hotel; all other spaces shall be made available to the public for rent on an hourly or monthly basis.

9. The Developer shall have the option, during the 20-year City ownership period, to lease space above the top level of the Parking Facility at the rate of \$1.00 per year for one or more of the following:

- a. Installation of solar or wind energy conversion systems, which may be used for providing energy to the Hotel and other nearby facilities;
- b. Construction of dwelling units.

The lease period shall correspond to the number of years remaining in the 20-year City ownership period. The costs of such development shall be the responsibility of the Developer; there shall be no cost to the City. All development shall be in accordance with applicable codes and ordinances.

Analysis: State law does not allow transfer of publicly owned land (whether by option, sale, lease or other transfer of ownership) within an urban renewal area unless the land is first offered to the public for sale at fair market value (see Term #1, above). However, there is a clause in the statute [Section 403.8(3)] that permits transfer to an individual if certain requirements are met:

- The transferee must agree to enter into a minimum assessment agreement for at least four years;
- The expected property tax generated by the project for the first four tax years after the beginning of operations must exceed the City's investment and/or indebtedness in the property.

Staff has researched the City's investment in this property and completed a review of the expected tax revenue. We have determined that the property tax revenues for the first four years will well exceed the City's initial investments in this property. Therefore, the City is able to offer this property to G8 Development. The value of the land and development of the parking facility are the incentives offered. The parking facility is expected to cost \$4,556,200 to construct. Staff estimates that the parking facility will generate an average of \$81,000 per year in parking leases and hourly revenue, which is \$1,620,000 over the 20 years that the City will own and operate the facility (parking revenue projections based on the following assumptions: Monthly lease rate to public: \$50/month; 25 spaces provided Hourly parking rate: \$0.85/hour. Hourly parking assumes 60% usage of remaining 100 spaces for 5 hrs/day, 5 days per week). There is no impact to the operating budget. The

parking facility will be financed by bonds, which will be repaid using the following sources:

First 20 years of parking revenue	\$1,620,000
Iowa Reinvestment District Act Financing	\$1,900,000
TIF funding through the use of valuation from the Hotel for 20 years	<u>\$1,036,200</u>
Total	\$4,556,200

Based on the expected valuation of the Courtyard by Marriott Hotel (\$6,450,000), the 20-year incremental taxes generated will be at least \$1,036,200. Thus, the hotel that is served by the parking facility will provide a source of revenue to pay for its construction. No increase in taxes is necessary to fund this or any of the other projects contemplated in the Reinvestment District final application. Staff respectfully requests approval of the Resolution setting the terms of a Development Agreement between the City of Mason City and G8 Development, Inc., for development of a Courtyard by Marriott Hotel and an adjacent Parking Facility.

It was moved by Kuhn and seconded by Hickey that Resolution No. 15-163, be adopted.

Council Member Kuhn stated the City has had an exclusive negotiating agreement with the developer since 2013 and it had been publicly debated and in the public purview, advising all the Council was doing tonight was approving the terms to convey the lots to the developer. He stressed the Council was looking at a piece of property with \$125,000 tax valuation and based on the terms the developer, after a four year period, would have to have a minimum assessment of \$6.4 million for that lot, emphasizing it was not generating any property tax right now. He also outlined how the parking structure would be paid for and what the City would get in return and stressed this wasn't an opportunity the City would see every day adding "When we first looked at the multipurpose arena, we clearly didn't have that opportunity without going into a great amount of debt to build a multipurpose arena, which we knew our community wanted and people were pushing for, but having the Iowa Reinvestment Act, having a developer who wanted to put \$11 million of his own money into a hotel, the next Agenda Item, we're looking at \$6 million of his own money into a mixed-use building and using that \$17 million to leverage up to \$36 million for our total project, again, it reminds me of the quote, *'if opportunity doesn't knock, build a door'*. Well, Iowa Reinvestment Act was that door to build the multipurpose arena and without this hotel development, we're not going to be able to make that happen without going to a huge amount of debt for our public. So again, we're not going to get this opportunity again and this is just the terms for the agreement." He concluded by referring to Mr. Masson's comments stating the Council had quarterly meetings where people were allowed to provide input and emphasized he continued to hear an overwhelming majority support for the project and for all those reasons, he would be supporting the terms of the development agreement tonight.

Council Member Hickey stated he agreed with everything Council Member Kuhn had said, stressing the public wanted the community to grow, which had been difficult over the past 30 years and the Council needed to take some calculated risks. He advised with this project the City was leveraging \$17 million for a \$36 million project and the private developer was using his own money to do it, so if the City gave up a piece of property (\$125,000) for a \$6 million project, that was a pretty good investment for the taxpayers. He further stated the Council had been pretty conservative over the last four or five years and was still been able to do a lot of projects without a heavy increase in taxes, so he was in total support of this and thought it would be a huge success for Mason City

The Mayor called the question and the following resolution was introduced.

Reso. 15-163(ADOPTED):

Resolution No. 15-163, support of the proposed terms to be included in an agreement for private development by and between the City of Mason City and G8 Development Inc., for development of a Courtyard by Marriott Hotel and an adjacent parking facility (parking lot west of City Hall), was presented.

On roll call, the vote was as follows:

Yea: Kuhn, Hickey, Solberg, Lee, Marinos
(Motion was declared carried.)

11. Development Agreement – G8 Vacant Lot N Federal Avenue & 2nd St NE:

Director Development Services:

Staff respectfully requests approval of the Resolution setting the terms of a Development Agreement between the City of Mason City and G8 Development, Inc., for development of a mixed use commercial/residential structure at the southeast corner of North Federal Avenue and 2nd Street NE. In June, 2013, the City entered into an Exclusive Negotiating Agreement (ENA) with G8 Development, Inc., for potential development of a hotel on the parking lot west of City Hall and development of a mixed-use building on the vacant lot on the southeast corner of North Federal Avenue and 2nd Street NE. In October of that year, options to purchase the properties by G8 were approved. In June, 2014, the developer asked to amend the ENA and the options to extend the expiration dates for another year. Since that time, the City successfully submitted a Pre-Application to the Iowa Economic Development Authority for the Iowa Reinvestment District Program. This program will allow for State sales and hotel/motel taxes from the hotel and mixed use building to help finance three public projects: a parking facility to serve the hotel and downtown, an indoor/outdoor performing arts pavilion, and a multi-use arena for hockey and other indoor events.

Terms: To formalize the development of the mixed use property, the City proposes to enter into a Development Agreement with G8 Development, Inc. The proposed terms are as follows:

1. The City shall convey the subject property to G8 Development (the “Developer”) for \$1.00 and due consideration. All fees related to closing, etc. shall be the responsibility of the Developer. The Developer acknowledges that the property is within an Urban Renewal Area and is subject to state requirements related to disposition of public property within an Urban Renewal Area.
2. The Developer shall construct a mixed use structure on the subject property which conforms to the requirements of applicable codes and ordinances. This development shall include leasable spaces for retail, office, entertainment, etc. on the first floor and dwelling units on at least two (2) floors above the first floor. The design of the structure shall be in character with Downtown Mason City. Development shall commence no later than June 30, 2016 and the structure shall be completed by July 31, 2017. This deadline may be extended for a reasonable period with the approval of both parties.
3. Upon first full assessment of the Hotel Site, which shall occur on January 1st of the year following completion of all improvements, the property (land and improvements) shall have a minimum assessed value of \$2,250,000. The assessed value of the prop-

erty shall not fall below this valuation for at least four (4) years after the initial full assessment.

4. The Developer, or his successors or assigns, shall be eligible for property tax abatement under the City's Urban Revitalization program, as adopted by the City in accordance with State statute. The Developer may choose from the following abatement options:

Option 1: Ten-year declining exemption

- Year 1: 80% of the increased taxable valuation
- Year 2: 70% of the increased taxable valuation
- Year 3: 60% of the increased taxable valuation
- Year 4: 50% of the increased taxable valuation
- Year 5: 40% of the increased taxable valuation
- Year 6: 40% of the increased taxable valuation
- Year 7: 30% of the increased taxable valuation
- Year 8: 30% of the increased taxable valuation
- Year 9: 20% of the increased taxable valuation
- Year 10: 20% of the increased taxable valuation

Option 2: Three-year total exemption

- Year 1: 100% of the increased taxable valuation
- Year 2: 100% of the increased taxable valuation
- Year 3: 100% of the increased taxable valuation

Analysis: The Urban Revitalization Tax Abatement Program allows a commercial or multi-residential developer to receive an abatement of the increased taxes when a property is improved so that its assessed valuation increases by 15% or more. Since the property is currently vacant, the abatement is applied to all of the taxes attributed to the improvements, according to the option chosen by the Developer.

State law does not allow transfer of publicly owned land (whether by option, sale, lease or other transfer of ownership) within an urban renewal area unless the land is first offered to the public for sale at fair market value (see Term #1, above). However, there is a clause in the statute [Section 403.8(3)] that permits transfer to an individual if certain requirements are met:

- The transferee must agree to enter into a minimum assessment agreement for at least four years;
- The expected property tax generated by the project for the first four tax years after the beginning of operations must exceed the City's investment and/or indebtedness in the property.

Staff has researched the City's investment in this property and completed a review of the expected tax revenue. We have determined that the property tax revenues for the first four years will well exceed the City's initial investments in this property. Therefore, the City is able to offer this property to G8 Development. The land and the Urban Revitalization tax abatements are the incentives offered under this agreement. Property tax rebates based on new tax increments are not being offered. The project will otherwise be funded completely by the Developer. This project does not impact the budget. Sales tax revenues from the new retail uses in the building will help to fund the public projects proposed under the City's Iowa Reinvestment District application. Staff respectfully requests approval of the Resolution setting the terms of a Development Agreement between the City of Mason City and G8 Development, Inc., for development of a mixed use commercial/residential

structure at the southeast corner of North Federal Avenue and 2nd Street NE.

It was moved by Kuhn and seconded by Hickey that Resolution No. 15-164, be adopted.

Council Member Kuhn mentioned a correction to the Resolution in Section 1 paragraph 3, stating he thought it should read the North Federal Lot rather than the hotel site and outlined the project.

Council Member Hickey emphasized this property had sat empty a very long time without the City gaining any revenue and some people thought of it as an eyesore. He also stated he wanted to thank Council Member Kuhn and the Mayor because most people did not realize they were heavily involved behind the scenes, especially with the Iowa Reinvestment Act and reiterated that he supported this one hundred percent.

The Mayor called the question and the following Resolution was introduced.

Reso. 15-164(ADOPTED):

Resolution No. 15-164, support of the proposed terms to be included in an agreement for private development by and between the City of Mason City and G8 Development Inc., for development of a vacant lot at North Federal Avenue and 2nd Street NE, was presented.

On roll call, the vote was as follow:

Yea: Kuhn, Hickey, Lee, Marinos, Solberg
(Motion was declared carried.)

PUBLIC HEARING

12. Delaware Sanitary Sewer Reroute:

Operation and Maintenance Manager:

It is recommended the City Council award the contract for the Delaware Sanitary Sewer Reroute project to McKiness Excavating of Mason City, Iowa in the amount of \$398,934.00. The budget for Collection System Maintenance for this fiscal year is approximately \$780,000. This is the first of two planned fiscal year 2016 sewer repair projects. The Engineer's construction cost estimate for the project was \$315,000. A copy of the bid tabulation is attached for your reference. The extent of the work involved is the furnishing of labor and new materials for installation of approximately 500 feet of sanitary sewer pipe, manhole replacement, surface restoration, and related items. The location is the south 300-block of South Delaware Avenue, South Federal Avenue and Southbridge Mall parking lot. The purpose of this project is to reroute sewer away from existing pipes that are in risk of collapse that serve Southbridge Mall and portions of Downtown. City and WHKS staff have reviewed the bid and discussed if rebidding should be recommended. Due to the complexity of the project a large pool of potential contractors doesn't exist. Therefore lower prices should not be expected if rebid. Because of this and the potential for pipe failure if the project is not completed this fall we believe proceeding with the project now is the best option. This is a budgeted project and the cost of the project will be covered by funding available in the Collection System Maintenance CIP for fiscal year 2016. The phase two scope will be modified to meet the overall budget of approximately \$780,000. It is recommended the City Council award the contract for

the Delaware Sanitary Sewer Reroute project to McKiness Excavating of Mason City, Iowa in the amount of \$398,934.00.

The public hearing was held as per published notice and the Mayor called for comments and objections.

There being no comments, the public hearing was declared closed.

It was moved by Kuhn and seconded by Marinos that Resolution No. 15-165 and 15-166, be adopted and the bid tabulation accepted.

The Mayor called the question and the following resolutions and bid tabulation were introduced.

Reso. 15-165(ADOPTED):

Resolution No. 15-165, adopting plans, specifications, form of contract and estimated cost for the “Delaware Sanitary Sewer Reroute”, was presented.

Bid Tab: The Operation and Maintenance Manager submitted the bid tabulation with recommended bid from McKiness Excavating, Inc. of Mason City, Iowa in the amount of \$398,934.00.

Reso. 15-166(ADOPTED):

Resolution No. 15-166, award of contract to McKiness Excavating, Inc. of Mason City, Iowa for the “Delaware Sanitary Sewer Reroute”, was presented.

On roll call, the vote was as follows:

Yea: Kuhn, Marinos, Lee, Hickey, Solberg
(Motion was declared carried.)

13. 19th Street SE Street & Utility Improvements:

City Engineer:

The recommendation is; that City Council accepts the bid submitted and awards contract to Concrete Foundations, Inc. of New Hampton for the 19th Street SE Street and Utility Improvements project. Upon acceptance of the bid and award of contract is a second recommendation for City Council’s approval of the contract, bonds, and insurance certificate for the same project. The City of Mason City received and opened bids on Tuesday, July 28, 2015 for the 19th Street SE Street and Utility Improvements project. Of the five contract plan holders, one local contractor submitted bid for the project. The general extent of the work involved is the furnishing of labor and new materials for construction of the 19th Street SE street extension and utility improvements including: Portland Cement Concrete street and connections, subbase, a bridge over Mason Creek, pedestrian trail, water main, storm sewer drainage system, longitudinal subdrain, street lighting, and other related items all within the City of Mason City. The bidders and their respective bids: Concrete Foundations, Inc. New Hampton \$2,109,601.61; McKiness Excavating, Inc., Mason City - \$2,129,858.64; Manatt’s, Inc., Brooklyn - \$2,395,422.65; Skyline Construction, Inc., Decorah - \$2,449,905.49. In the essence of time and the need for the project to keep on schedule, it is necessary to combine the award and approval of contract into one meeting. The combining action will allow for two additional weeks of contract period in the cur-

rent construction season. The expectation is that the project will be substantially completed before work is suspended for the winter months. Substantial completion includes water and storm utilities, the bridge, street paving, and other work directly related to these major items. The Engineer's Opinion of Probable Cost is \$2,255,790.30. The project is budgeted in the amount of \$1,800,000.00 and is being funded with Local Options Sales and Service Tax. The project increases approved on July 7, 2015 will be funded with Storm Sewer, Water, and Local Options Sales and Service Tax funds. I respectfully request City Council's approval of the bids and award of contract to Concrete Foundations, Inc. in the amount of \$2,109,601.61 for the for the 19th Street SE Street and Utility Improvements project. In addition, I am requesting City Council's approval of the contract and bonds with Concrete Foundations, Inc. for the 19th Street SE Street and Utility Improvements project.

The public hearing was held as per published notice and the Mayor called for comments and objections.

There being no comments, the public hearing was declared closed.

It was moved by Kuhn and seconded by Lee that Resolution No. 15-167, 15-168 and 15-169, be adopted and the bid tabulation accepted.

Council Member Kuhn asked when the public could expect to see mobilization with Scott Sweet of WHKS stating they were planning on having a pre-construction meeting yet this week so hopefully the start date would be next week, adding they could start tomorrow if the project was approved tonight, but next week for sure.

Council Member Hickey commented that he would hope this would start sooner rather than later and be completed in a timely manner because it was a big undertaking and there were a lot of expectations that went along with this project.

The Mayor called the question and the following resolutions and bid tabulation were introduced.

Reso. 15-167(ADOPTED):

Resolution No. 15-167, adopting plans, specifications, form of contract and estimated cost for the "19th Street and Utility Extension Improvements Project No. 15-1008", was presented.

Bid Tab: The Operation and Maintenance Manager submitted the bid tabulation with recommended bid from Concrete Foundations of New Hampton, Iowa in the amount of \$2,109,601.61.

Reso. 15-168(ADOPTED):

Resolution No. 15-168, award of contract to Concrete Foundations, Inc. of New Hampton, Iowa for the "19th Street and Utility Extension Improvements Project No. 15-1008", was presented.

Reso. 15-169(ADOPTED):

Resolution No. 15-169, award of contract to Concrete Foundations, Inc. of New Hampton, Iowa for "19th Street SE Street and Utility Extension Improvements Project No. 15-1008", was presented.

On roll call, the vote was as follows:

Yea: Kuhn, Lee, Hickey, Solberg, Marinos
(Motion was declared carried.)

14. Changes to the Zoning Ordinance:

Director Development Services:

On July 14, 2015, the Planning and Zoning Commission held a public hearing on amendments to Title 12, the Zoning Ordinance, to allow for parking in the first tier in the Z4 and Z6 zoning districts; create a Z4 Corridor Overlay District to accommodate development in the North and South Federal corridors and IA 122 corridor in the center of the city; and to amend the screening requirements for outdoor storage in the Z4 and Z6 zoning districts. After closing the public hearing, the Planning and Zoning Commission unanimously approved a motion to forward the amendments to the City Council with a recommendation that they be approved. Staff respectfully requests that the City Council conduct a public hearing on the amendments, followed by approval of the amending ordinance on first consideration (1st, 2nd or FINAL). *Background:* The Mason City Comprehensive Plan, adopted in 2006, is rooted in Smart Growth principles (pp. 21-24 of the Plan). These principles, along with more recent City initiatives such as complete streets, encourage a walkable community with pedestrian oriented amenities and turning the focus away from a car-dependent culture. The Zoning Ordinance, adopted in 2010, implements these principles by requiring buildings to be closer to the street and avoiding large expanses of parking. As the Zoning Ordinance has been implemented and used, certain issues have been raised as new businesses have been developed. The Zoning Board of Adjustment has granted variances that indicate that some changes to the ordinance requirements should be considered. This amendment is meant to address those issues.

Parking Lot Location: Each zoning district contains requirements for parking lot locations. Parking is arranged on a lot within three “tiers.” In most of the zoning districts, parking within the first tier (the area between the front lot line and the front of the principal building) is restricted or prohibited. This allows for buildings to maintain an orientation to the street and avoids a “sea” of parking between the street and the principal functions on the lot. The Z4 Multi-Use District and the Z6 Industrial Districts are not, by nature, pedestrian oriented; this is particularly evident in the western section of the city that is dominated by chain store development or in the industrial developments in the southern portion of the city. However, the Ordinance requirements have been used to provide a “calming” effect on the impact of parking lots, both for passers-by and for those accessing the adjoining businesses. Within the past year, the Zoning Board of Adjustment has granted three variances to the first tier parking prohibition. Variances to allow parking in the first tier in the Z4 Multi-Use District were granted to the new hotel/restaurant under construction on the former Clarion Inn site, and to the new Starbucks coffee shop being built near the North Iowa Events Center. In both cases, the applicants were able to show to the ZBA that completely prohibiting parking spaces in front of the businesses would inhibit business success. In the Z6 Industrial District, the ZBA granted a variance to Alliant Energy to allow a first-tier parking lot for their new operations center to be built on 43rd Street SW. The ZBA agreed that this industrial area is not pedestrian oriented and accepted Alliant’s argument that conformance to the Zoning Ordinance would unnecessarily require orientation of the building in a way that would inhibit operations, both in and outside of the building.

Fencing and Screening: An issue that frequently accompanies parking lot lo-

cations, particularly in the Z6 District, is fencing and screening of outdoor storage areas. The current ordinance requires 100% opaque screening on all sides of an outdoor storage area. This screening must include an 8-foot opaque wood fence or a masonry wall. The ZBA has also granted variances to this requirement. In 2013, ITC Holdings received a variance to allow use of a coated chain-link fence with 5/8" openings around the storage area at its new operations center on 43rd Street SW. In June of this year, Alliant was granted a variance to construct a 7-foot chain-link fence with slats that is not 100% opaque. Zoning of Older Commercial Corridors: Finally, as redevelopment of the North Federal corridor has become a focus, Staff notes that the Z4 zoning requirements for much of the North and South Federal Avenue and IA 122 center-city corridors could inhibit redevelopment of buildings that do not meet the minimum and maximum setbacks of the Z4 District. The Z4 District requires a minimum setback from the principal street of 10 feet and a maximum of 60 feet. However, there are several existing commercial buildings in the corridors that are built right up to the sidewalk. Should one of these buildings be damaged or destroyed so that rebuilding exceeds 50 percent of the building's value, it could not be rebuilt at its original setback. Construction of a major addition could also require the building to be altered so as to meet the Z4 setback requirements. The depths of lots in these areas, however, would not easily permit development of buildings that meet Z4 setback requirements and accommodate parking. *Proposed Amendments:* To address the above issues, staff proposes amendments as outlined on the attached text. Language added is underlined; language to be deleted is struck through. The amendments are considered in order, according to their location within the Ordinance.

Chapter 12-8, Table 12-18-1: Currently, there is no parking lot setback requirement in the Z6 District. This is ostensibly due to the fact that parking lots are not allowed in the first tier. With the intended amendment to allow first-tier parking lots (described later in this memo), a setback requirement is necessary. Staff recommends amending this table so that a 10-foot setback is required, same as required in the other districts.

Chapter 12-12, Z4 Multi-Use District: Several amendments are proposed:

- a) Section 12-12-6(C) adds the word "residential" to the heading. This points out that these requirements apply only to residential driveways. There are no similar restrictions (existing or proposed) for commercial drives in this district.
- b) Section 12-12-6(D) adds a new paragraph 3, which allows first tier parking, with restrictions. A parking lot in the first tier may consist only of two rows of parking accessed by a single aisle. This allows for parking in front of the building but maintains an orientation to the street by not forcing the building behind a large parking lot. If a function requires more parking, it can be accommodated to the side or to the rear. Staff believes that this change allows for greater flexibility in site design, permitting some parking nearest the entrance that is oriented to the street, while preventing a "sea" of parking lots along major commercial corridors.
- c) Section 12-12-6(E) clarifies requirements regarding facing the façade of a principal building. The current text does not account for buildings that have their main access from an internal drive. This amendment ensures that buildings faced away from the principal street will still have finished façades facing that street.
- d) A new Section 12-12-7 creates the Corridor Overlay District. This overlay will be formed from Z4-zoned properties that have frontage on North or South Federal Avenue and portions of IA 122. The district will encompass all properties on North Federal from

5th Street NE/NW to 17th Street NE/NW. On South Federal, it will be the properties on the east side of South Federal between 4th Street SE and 22nd Street SE, and those on the west side of South Federal between 4th Street SE and 15th Street SE. On IA 122, the Corridor Overlay includes properties with frontage on 5th Street SE/SW or 6th Street SE/SW between South Jefferson Avenue and South Pennsylvania Avenue. Properties within the Corridor Overlay District are subject to all of the Z4 District requirements, except as modified by this new Section 12-12-7. Specifically, buildings within the Z4 are subject to different setback, parking and landscaping requirements. Setbacks along the principal street are zero feet minimum and 20 feet maximum (instead of 10 and 60). Parking lots may not be within the first tier, but since most buildings have a zero setback, this is not an issue. A parking lot may be as close as three feet from the adjoining lot line (instead of 10 feet as required by Table 12-8-1), but must accommodate required landscaping. In the Corridor Overlay District, perimeter parking lot landscaping must consist of a hedge forming a headlight screen and a metal railing system with masonry columns or a solid masonry wall no taller than four feet high. All other landscaping requirements in Section 12-16-5, including interior landscaped islands and peninsulas, will still apply.

e) Table 12-12-1 is amended by adjusting setback requirements in subsection d.1: if a first-tier parking lot is provided, the maximum setback may be 85 feet (note: the draft previously submitted proposed a maximum 75-foot setback; it was suggested that 85 feet would be needed to accommodate the lot, the parking setback and an access sidewalk). If no first tier parking is provided, the current 10-foot minimum/60-foot maximum applies.

f) In the “Parking/Trash Placement” section of Table 12-12-1, a new paragraph 3 is inserted that allows parking in the first tier, subject to the new requirements of Section 12-12-6(D)(3).

g) Also in Table 12-12-1, paragraph 2 of the “Loading Dock Placement” section is amended to allow a loading dock that faces the principal or secondary street, as long as it is at least 80 feet from the right-of-way and is screened according to the landscaping requirements of Section 12-16-5.

Chapter 12-14, Z6 Multi-Use District:

a) Table 12-14-1 is amended in the “Parking/Trash Placement” section to allow parking in the first tier. There are no additional restrictions, and a parking lot of any size may be constructed in the first tier (so long as it meets the 10-foot minimum parking lot setback established in Table 12-18-1, as described above).

b) Similar to the Z4 District, the “Loading Dock Placement” section of Table 12-14-1 is amended to allow a loading dock that faces the principal or secondary street, as long as it is at least 80 feet from the right-o-f-way and is screened according to the landscaping requirements of Section 12-16-5.

Chapter 12-16, Section 12-16-5(K)

c) This section is amended to allow for less opaque screening fences and different fencing material around outdoor storage and self-storage areas. In the Z4 District, the amendment changes the opacity of a screening fence from 100% to at least 80% opaque, whereas in the Z6 District, it is changed from 100% to at least 50% opaque. Screening fences may consist of wood and masonry as currently required, but vinyl is also allowed. Additionally, in the Z6 District, a chain link screening fence may be used if the openings are no larger than 5/8”. For both districts, rather than requiring all sides to be enclosed with a

screening fence or wall, only those sides visible from the street or sidewalk, or visible from an adjacent property zoned Z2 Sub-Urban or Z3 General Urban, must provide the screening fences. All landscaping requirements for outdoor storage remain the same as existing.

Conclusion: Staff believes that the proposed amendments will allow for flexibility while maintaining the Comprehensive Plan's goals of providing green space, avoiding large expanses of parking and promoting a walkable community. In addition, these changes preserve the character of older commercial buildings in the North and South Federal corridors as well as along IA 122 in the center of the city. This amendment does not impact the budget. Staff respectfully requests that the City Council conduct a public hearing on the proposed amendments, followed by approval of the amending ordinance on first consideration (1st, 2nd or FINAL).

The public hearing was held as per published notice and the Mayor called for comments and objections.

There being no comments, the public hearing was declared closed.

It was moved by Marinos and seconded by Solberg that the Ordinance be received and placed on file for First Consideration.

Council Member Solberg requested clarification regarding whether this would affect fencing and dumpster placement for downtown businesses and whether or not they had been notified with Director Development Services Van Steenhuyse stating this would not affect any existing businesses and would impact mostly new development.

Mayor Bookmeyer also pointed out this had been requested by a number of developers coming in and businesses that were expanding and they had provided pretty candid and honest feedback along the way.

The Mayor called the question and the following ordinance was introduced. This and the following ordinances had been posted in the foyer of City Hall.

Ord. 15-(1st Consideration):

An ordinance amending the City Code by repealing and amending the following sections: Title 12 "Zoning", Chapter 8, Section 4; Parking Provisions" Table 12-8-4-1; Chapter 12, Section 6: Interpretation of Standards, Section 7: Corridor Overlay District, Table 1 Z4 Development Standards; Subsection D Parking/Trash Placement; Table 1 Z4 Development Standards loading Dock Placement; Chapter 14 Table 12-14-1 Parking/Trash Placement and Loading Dock Placement and Chapter 16, Section 5 Required Landscaping and Screening and adopting new sections in lieu thereof, was presented.

On roll call, the vote was as follows:

Yea: Marinos, Solberg, Lee, Hickey, Kuhn
(Motion was declared carried.)

ACTION ITEMS

15. One Way Streets and Alleys:

City Engineer:

The recommendation is; that City Council approves on final reading, a revision striking No. 1 of Paragraph B in Code Section 9-8-1: Streets or Alleys Designation. The alley between Delaware Avenue and Pennsylvania Avenue lying north-south between East State Street and Second Street SE currently allows one-way southbound traffic. A request to review the current status and functionality of the alley was received resulting from the re-development of property abutting the alley. Following the review, there are no obvious issues that would contradict a recommendation to strike the one-way alley from the current code whereby allowing two-way traffic flow through the two block alley corridor. The conversion will require the removal of a number of signs. Budget Impact - No impact. I respectfully request City Council's approval on third and final reading to strike No. 1 of Paragraph B in Code Section 9-8-1: Streets or Alleys Designation.

It was moved by Lee and seconded by Solberg that Ordinance No. 15-8, be adopted.

The Mayor called the question and the following ordinance was introduced.

Ord. 15-08(ADOPTED):

Ordinance No. 15-8, amending the City Code by repealing Title 9, Chapter 8, "One-Way Streets and Alleys", Section 1, Streets or Alleys Designated and adopting a new Section 1 in lieu thereof, was presented.

On roll call, the vote was as follows:

Yea: Lee, Solberg, Marinos, Kuhn, Hickey
(Motion was declared carried.)

ADJOURN

The Mayor adjourned the meeting at 7:40 p.m.

Eric Bookmeyer, Mayor

ATTEST:

Brent Trout, City Clerk